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PAGE 01 BONN 12784 01 OF 04 131645Z

44

ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-11 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

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FM AMEMBASSY BONN

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INFO AMEMBASSY ANKARA

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PAGE 02 BONN 12784 01 OF 04 131645Z

LIMITED OFFICIAL USE SECTION 01 OF 04 BONN 12784

CINCEUR, CINCUSAREUR AND CINCUSAFE FOR POLADS

E.O. 11652: GDS

TAGS: PGOV, FRG

SUBJECT: GERMAN POLITICS HALF WAY TO 1976

BEGIN SUMMARY: DESPITE AN INFLATION RATE UNPRECEDENTED IN POSTWAR GERMANY, THE DRAMATIC RESIGNATION THIS SPRING OF CHANCELLOR BRANDT, A STEADY, SLOW INCREASE IN UNEMPLOYMENT, AND ONCE MORE, HARASSMENT OF TRAFFIC TO WEST BERLIN, THE SUMMER OF 1974 FINDS WEST GERMANS SOMEWHAT UNEASY ABOUT ECONOMIC MATTERS BUT AS A WHOLE QUIET, AFFLUENT AND GENERALLY SATISFIED WITH THEMSELVES AND THEIR COUNTRY. DESPITE THIS REASSURING IMAGE OF STABILITY, HOWEVER, CHANCELLOR SCHMIDT IS KNOWN TO BE DEEPLY CONCERNED WITH THE COMPLEX OF SHORT AND LONG TERM ECONOMIC PROBLEMS FLOWING FROM, AMONG OTHER THINGS, THE RISE IN OIL PRICES AND CURRENT INFLATIONARY TRENDS, AND WITH THE POSSIBILITY THAT THE FRG COULD BE DRAWN INTO A GENERAL INTERNATIONAL DOWNWARD ECONOMIC SPIRAL. BARRING SUCH MAJOR NEGATIVE DEVELOPMENTS, THE SPD/FDP COALITION LED BY SCHMIDT AND GENSCHER HAS A GOOD CHANCE OF BEING ABLE TO CONSOLIDATE ITS POSITION IN THE INTERVAL BEFORE THE NEXT BUNDESTAG ELECTIONS IN 1976. END SUMMARY.

1. THE COALITION--THE SPD. TWO MONTHS BEFORE THE JUNE LANDTAG ELECTION IN LOWER SAXONY--I.E., ONE MONTH BEFORE BRANDT'S RESIGNATION--ALL POLLS INDICATED THAT THE CDU WOULD PROBABLY WIN. THE ELECTION WAS IN FACT A NEAR-RUN THING, BUT THE SPD "WON" IN THE IMPORTANT SENSE THAT IT, NOW IN COALITION WITH THE FPD IN HANNOVER, CONTINUED TO GOVERN. THIS VICTORY WAS EVIDENCE OF A TURN-AROUND IN THE SPD'S FORTUNES, WHICH HAD SLIPPED STEADILY DOWNWARD SINCE THE FEDERAL ELECTION OF 1972. AND THE TURN-AROUND HAS CONTINUED; E.G., EMNID POLLS SHOW THE SPD'S NATIONWIDE SUPPORT IN JULY AT 41 PERCENT, UP FROM 37 PERCENT IN JUNE. THIS, ADDED TO THE FDP'S 11 PERCENT, LIMITED OFFICIAL USE

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PAGE 03 BONN 12784 01 OF 04 131645Z

UP FROM 9 PERCENT IN JUNE, GIVES THE COALITION A HEALTHY 52 PERCENT TO THE CDU/CSU'S 44 PERCENT, DOWN FROM 51 PERCENT IN JUNE.

2. CONTRIBUTING TO THE TURN-AROUND IS THE DECISIVENESS DISPLAYED BY SCHMIDT AND HIS NEW CABINET, A DECISIVENESS THAT IS ATTRACTIVE TO THE GERMAN PUBLIC AFTER A PERIOD OF APPARENT DRIFT UNDER THE BRANDT/SHEEL GOVERNMENT.

SCHMIDT'S APPROACH WILL TEND TO PULL THE PARTY SOMEWHAT RIGHTWARD, AS REFLECTED IN HIS WILLINGNESS TO FACE A SMALL INCREASE IN UNEMPLOYMENT IF THE FIGHT AGAINST INFLATION REQUIRES IT, AND IN HIS READINESS TO ACT AGAINST ITS RADICAL LEFT WING WITH DISPATCH AND EVEN GUSTO IF HE HAS TO--WHICH IS, OF COURSE, ONE GOOD REASON FOR THE LEFT'S CURRENT QUIESCENCE. THIS RIGHTWARD PULL SHOULD BY ITSELF BE WORTH A FEW PERCENTAGE POINTS AT THE POLLS AS WELL.

3. SCHMIDT'S POTENTIAL DIFFICULTIES ARE OF TWO-AND-A-HALF KINDS. THE FIRST IS INTERNAL TO THE PARTY AND IS SYMBOLIZED BY THE BRANDT-WEHNER-SCHMIDT TROIKA THAT SEEMS TO BE PULLING THE PARTY IN THREE DIFFERENT WAYS. "SEEMS" IS THE KEY WORD. BRANDT IS SHOWING NO SIGN OF WILLINGNESS TO EXERT ANY POWER ROLE. HE WOULD BE A THREAT TO SCHMIDT ONLY IN TANDEM WITH WEHNER, AND THAT IS MOST UNLIKELY. INDEED WEHNER'S

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PAGE 01 BONN 12784 02 OF 04 131704Z

44

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PAGE 02 BONN 12784 02 OF 04 131704Z

LIMITED OFFICIAL USE SECTION 02 OF 04 BONN 12784

ROLE IN BRANDT'S RESIGNATION SO HURT BRANDT THAT HE CAN BE SEEN THESE DAYS QUITE INTENTIONALLY AVOIDING WEHNER.

4. BRANDT AND WEHNER DO HAVE ONE THING IN COMMON: THEY ARE CHAIRMEN OF THINGS THEY DON'T COMMAND. IN BRANDT'S CASE, THE PARTY WILL GO WHERE SCHMIDT WANTS IT TO GO BECAUSE HE HAS THE INTELLIGENCE AND THE DRIVE AND THE RESOURCES, INCLUDING THE ENTIRE GOVERNMENTAL APPARATUS, TO FORCE ITS VIEWS TO BE AT LEAST NOT CONTRARY TO HIS OWN. BRANDT'S PREDILECTION FOR THE VAGUE, THE GENERAL, THE HIGH-FLOWN RHETORIC OF POLITICS WILL PROBABLY SERVE TO MAKE SCHMIDT'S WORK EASIER.

5. NOR DOES WEHNER, OLD AND SICK AND BITTER AND EVER MORE RECLUSIVE, CONTROL THE BUNDESTAG FRAKTION. EVEN IN BRANDT'S FIRST ADMINISTRATION, THE FRAKTION'S CONSERVATIVES COULD OCCASIONALLY MASTER AN ABSOLUTE MAJORITY AGAINST HIM DESPITE THEIR LACK OF ADMINISTRATIVE MACHINERY AND WELL-DEFINED PURPOSE. NOW THEY HAVE BOTH: SCHMIDT WILL DEFINE THE PURPOSE AND THE CHANCELLERY WILL SUPPLY THE MACHINERY FOR CONTACT AND INFORMATION. THUS, WHEN PUSH COMES TO SHOVE,

WEHNER WILL BE FORCED TO LEAD HIS TROOPS DOWN THE ROAD
SCHMIDT WANTS HIM TO TAKE, UNLESS WEHNER CHOOSES NOT
TO LEAD AT ALL.

6. THE SECOND PROBLEM FOR SCHMIDT IS HOW HE MANAGES
THE ECONOMY, AND HERE, BECAUSE OF HIS BACKGROUND AND
INTERESTS, WILL BE A REAL TEST. HE NOW HAS REASON TO
BELIEVE THAT HE CAN KEEP INFLATION AT A RESPECTABLE
FIGURE, VERY HIGH FOR THE FRG, BUT LOW BY PREVAILING
STANDARDS. THE QUESTION IS HOW LONG CAN HE KEEP UP HIS
RESTRICTIVE ANTI-INFLATION POLICY IN THE FACE OF AN
UNEMPLOYMENT FIGURE WHICH IS RISING. THE PRESSURES ARE
ALREADY ON FOR A RELAXATION IN THE FACE OF BANK FAILURES,
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PAGE 03 BONN 12784 02 OF 04 131704Z

BANKRUPTCIES, A LAGGING CONSTRUCTION INDUSTRY, ETC. HE
WILL BE HELPED SO LONG AS HE CAN DEMONSTRATE HOW MUCH
BETTER OFF GERMANS ARE THAN OTHERS. EVEN SO, HE STILL
HAS A DIFFICULT JOB OF TIMING: HE DOES NOT WANT TO ACT
TOO EARLY AND IT WOULD BE POLITICALLY DANGEROUS TO ACT
TOO LATE.

7. THE WAGE NEGOTIATIONS THIS FALL WILL BE IMPORTANT
NOT ONLY BECAUSE OF THEIR POTENTIAL IMPACT ON THE RATE
OF INFLATION BUT BECAUSE SCHMIDT'S POLITICAL DEPENDENCE
ON THE UNIONS IS HEAVY. HE CANNOT RISK OFFENDING THEM.
BUT IT IS IMPROBABLE THEY WILL FORCE HIS HAND TOO FAR.
HE IS THEIR CHANCELLOR AND THERE IS, FOR THEM, NO AC-
CEPTABLE ALTERNATIVE. BESIDES GERMAN UNIONS KNOW VERY
WELL THE FABLE ABOUT THE GOOSE AND THE GOLDEN EGG. AT
THIS TIME, PROBABLY THE WORST SCHMIDT HAS TO FEAR FROM
THE WORKERS IS AN INCREASE IN THE NUMBER OF STAY-AT-
HOMES ON ELECTION DAY, AN OLD SPD DISEASE, BUT THAT
SHOULD NOT REACH A CRITICAL LEVEL.

8. THERE IS, PERHAPS, AT TWO AND A HALF, A MORE PER-
SONAL DIFFICULTY--SCHMIDT'S ARROGANCE AND COMBATIVENESS.
TO DATE, HOWEVER, THESE TRAITS HAVE BEEN LEAVENED BY
ENOUGH HUMOR AND SELF-AWARENESS TO KEEP THEM FROM BE-
COMING A MAJOR PROBLEM.

9. THE ELECTIONS THIS FALL IN HESSE AND BAVARIA WILL
PROBABLY BRING LITTLE CHANGE: THE SPD WILL KEEP CONTROL
OF THE FORMER, THE CSU OF THE LATTER. BUT THESE
LAENDER ELECTIONS ARE NOT UPPERMOST IN SCHMIDT'S MIND:
HE IS LOOKING AHEAD TO 1976. TOUGHNESS IN DOMESTIC
POLICY NOW MAY HAVE TO BE PAID FOR POLITICALLY NOW, BUT
THE RESOURCES HE WILL HAVE AT HAND TO "RE-FLATE" WITH
MINIMUM RISK IN 1975 AND 1976, IF REQUIRED, WILL BE
GREAT, AND OF GREAT POLITICAL IMPACT.

10. IN SUM, THE CHANCES ARE GOOD THAT THE SPD/FDP
COALITION UNDER SCHMIDT AND GENSCHER WILL BE ABLE TO
CONSOLIDATE ITS POSITION BETWEEN NOW AND THE 1976
ELECTION.

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PAGE 04 BONN 12784 02 OF 04 131704Z

11. THE COALITION--THE FDP. FOR NO GOOD SINGLE REASON
THE FDP'S FORTUNES, AS NOTED ABOVE, HAVE ALSO RECENTLY
IMPROVED, MAKING SCHMIDT'S FUTURE ALSO BRIGHTER AND
REMOVING A MEASURE OF CONCERN FROM THE FDP'S ETERNAL
WORRY ABOUT ITS IDENTITY. IN THE LATE SPRING THE PARTY
LEADERSHIP CONCLUDED THAT THERE WAS A CAUSAL RELATION-
SHIP BETWEEN POLLS SHOWING INCREASING VOTER INABILITY

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PAGE 01 BONN 12784 03 OF 04 131654Z

44

ACTION EUR-25

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PAGE 02 BONN 12784 03 OF 04 131654Z

LIMITED OFFICIAL USE SECTION 03 OF 04 BONN 12784

TO DISTINGUISH THE FDP FROM THE SPD AND POLLS SHOWING A
DECLINE IN FDP POPULARITY.

12. THE FDP'S POOR SHOWING IN LOWER SAXONY IN JUNE
COMBINED WITH THE DE FACTO ASSUMPTION OF THE PARTY
LEADERSHIP BY THE CONSERVATIVE GENSCHER (HE WILL BE
ELECTED TO THAT OFFICE THAT FALL, PROBABLY UNOPPOSED)
LED TO HOPES IN THE CDU/CSU THAT THE FDP MIGHT BE
READY TO MOVE INTO A COALITION WITH THEM IN 1976. BUT
THAT WAS MORE WISHFUL THINKING THAN HARD POLITICAL
ASSESSMENT. BARRING A NATIONAL DISASTER, THE FDP
CANNOT SHIFT SO FAR OR SO QUICKLY TO THE RIGHT AFTER
MOVING LEFT TO COALITION WITH THE SPD IN 1969. THE
PARTY LEADERSHIP KNOWS THAT, APART FROM OPENING THE
PARTY TO CHARGES OF POLITICAL OPPORTUNISM, SUCH A SHIFT
WOULD NOT ONLY RISK TEARING THE PARTY APART BUT WOULD
ALSO LOSE IT A NUMBER OF SUPPORTERS WHO ARE BASICALLY
PRO-CDU BUT PREFER, AT LEAST AT THIS TIME, AN SPD/FDP
GOVERNMENT SO LONG AS THE FDP IS NECESSARY TO THE
COALITION AND THUS POSSESSES SOME CLOUT. THUS THE FDP
SEES ITS ROLE, ANALOGOUS TO THE SITUATION WHEN BRANDT
WAS CHANCELLOR, AS KEEPING THE SOCIAL DEMOCRATS IN

OFFICE BUT MUTING THEIR SOCIALIST INCLINATIONS. THE MINORITY COALITION PARTNER THEREFORE SEEMS LOCKED IN ITS PRESENT PLACE UNTIL AFTER 1976.

13. THE OPPOSITION--THE CDU. IF SCHMIDT HAD THE POWER TO INVENT HIS OWN OPPOSITION, HE WOULD PROBABLY CHOOSE TO LET IT STAY AS IT IS. ITS APPROACH COMBINES ME-TOOISM WITH MUCH ADO ABOUT ALMOST NOTHING. IT QUITE OBVIOUSLY DOESN'T KNOW WHAT IT WANTS EXCEPT TO BE BACK IN POWER. IF IT HAS A GRAND DESIGN, OR EVEN A PIECE OF ONE, IT HAS NEVER BETRAYED THAT FACT. AMONG ITS LIMITED OFFICIAL USE

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PAGE 03 BONN 12784 03 OF 04 131654Z

LEADERS THERE IS ONLY ONE, BIEDENKOPF, WHO HAS SCHMIDT'S INTELLIGENCE, BUT BIEDENKOPF HAS NO POLITICAL BASE AND THUS LITTLE CHANCE TO BECOME THE CHANCELLOR CANDIDATE, AT LEAST NOT BY 1976.

14. NO LEADER AND NO POLICY TOGETHER MAKE THE CDU VULNERABLE NOT ONLY IN AN ELECTION BUT IN THE INTRA-PARTY STRUGGLES THAT LIE AHEAD, FOR IT LOOKS INCREASINGLY AS IF THE VACUUM WILL BE FILLED BY THE RIGHT WING WHICH HAS SEVERAL TACTICAL ADVANTAGES: IT HAS A WELL DEVELOPED IF RATHER TIRED RHETORIC AND IS CAPABLE OF GIVING THE ALARM AT THE TOP OF ITS VOICE, THUS GIVING PROOF THAT IT HAS FIRM CONVICTIONS OF SOME KIND; IT ALSO HAS THE CDU LOSS OF 1969 AND THE HUMILIATION OF 1972 AS FURTHER AMMUNITION AGAINST ANY MODERATION IN THE CONSERVATIVE PARTY'S POLICIES. FINALLY, IT HAS AN INTELLIGENT, ARTICULATE, AND AT LEAST REGIONALLY POLITICALLY SUCCESSFUL MENTOR, FRANZ JOSEF STRAUSS OF THE CSU (WHO FOR A VARIETY OF REASONS CANNOT BE EXPECTED, HOWEVER, TO BECOME A REAL NATIONAL LEADER).

15. THE OPPOSITION--THE CSU. AT THE RECENT CSU CONVENTION ATTENDED BY BOTH KOHL AND CARSTENS, STRAUSS WAS SO CLEARLY DOMINANT AND SO CLEARLY ENJOYING IT THAT IT WAS ALL BUT A HUMILIATION FOR HIS GUESTS. HE EVEN PUBLICLY CHASTISED THE CDU FOR LACKING THE CSU'S VISION AND TOUGHNESS IN THE EARLY YEARS OF OSTPOLITIK. HE WAS SO PLEASED AT THE ERSATZ HIGH DUDGEON WITH REGARD TO THE THREAT FROM THE LEFT WHICH THE CSU DELIBERATIONS ELICITED FROM KOHL AND CARSTENS THAT HE DUBBED THE CONVENTION HISTORIC AND SAID THE WORLD WOULD HEAR OF THIS "CALL FROM MUNICH."

16. THE WORLD MAY NOT HEAR OF IT, BUT THE CDU MOST

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PAGE 01 BONN 12784 04 OF 04 131653Z

44

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PAGE 02 BONN 12784 04 OF 04 131653Z

LIMITED OFFICIAL USE SECTION 04 OF 04 BONN 12784

CERTAINLY WILL, AGAIN AND AGAIN, AND IT IS CONCEIVABLE THAT THE OPPOSITION, FOR LACK OF ANYTHING BETTER, WILL SEEK TO CONCEAL ITS ABSENCE OF A PROGRAM BEHIND A VEIL OF STRIDENT, ANTI-COMMUNIST, ANTI-SOCIAL VERBIAGE. SUCH AN APPROACH WOULD NOT ONLY INSURE ITS CONTINUED SOJOURN IN THE WILDERNESS BUT ALSO DENY THE COUNTRY A SERIOUS, REASONED, CREDIBLE OPPOSITION IN THE BUNDESTAG.

17. THE SPLINTERS. A WORD ABOUT THE SPLINTER PARTIES, WHICH IS ALL THEY CURRENTLY DESERVE. THE NPD WITH SOME 0.6 PERCENT OF THE TOTAL VOTE CANNOT, IT IS SAID, FIND A HALL SMALL ENOUGH FOR A NATIONAL CONVENTION; AND THE MOSCOW-LOYAL DKP, WHICH AT ABOUT 1.5 PERCENT IS WHERE IT HAS BEEN FOR SOME TIME, HAS NOT BEEN HELPED MUCH BY A CURRENT BEST-SELLER, THE GULAG ACHIPELAGO. THE MAOIST KPD HAS A PHONE BOOTH FULL OF MEMBERS AND THERE ARE A FEW OTHER "PARTIES" OF EQUAL MOMENT. IN GENERAL, IT IS NOT A HAPPY SEASON FOR BARN-BURNERS IN WEST GERMANY.

18. THERE IS CONCERN THAT THE HEAVY SPRINKLING OF LEFTISTS ON THE FACULTIES OF SEVERAL GERMAN UNIVERSITIES IS SOWING THE SEEDS OF A FUTURE RADICALISATION OF AN INFLUENTIAL SEGMENT OF THE POPULATION, BUT THERE IS AS YET NO STATISTICALLY SIGNIFICANT EVIDENCE FOR THAT AND NO IMPRESSION THAT THESE VOICES ARE CARRYING INCREASINGLY MORE WEIGHT. ON THE CONTRARY THE CURRENT STUDENT BODY SEEMS MORE SOBER AND MORE CONSERVATIVE THAN ITS RECENT PREDECESSORS.

19. CONCLUSIONS. WEST GERMANY TODAY IS BY ANY STANDARDS POLITICALLY AND ECONOMICALLY IN GOOD HEALTH. NOT SURPRISINGLY, HOWEVER, GERMANS ARE NERVOUS AND CONCERNED AS TO WHETHER THEIR ECONOMIC GOOD FORTUNE CAN BE MAINTAINED. THE PROBLEMS APPEAR TO BE MANAGEABLE, AND

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PAGE 03 BONN 12784 04 OF 04 131653Z

SCHMIDT IS CLEARLY DETERMINED TO MANAGE THEM, AND SO FAR HE SEEMS TO HAVE THE NECESSARY COMPETENCE AND COURAGE. THERE IS NO POLITICAL FORCE OF SIGNIFICANCE IN THE FRG TODAY HOSTILE TO THE TRADITIONS OF WESTERN DEMOCRACY OR ONE ADVOCATING POLICIES DAMAGING TO THE WESTERN ALLIANCE. AS THE WORLD GOES THESE DAYS, WEST GERMANY IS IN PRETTY GOOD SHAPE. HOWEVER, IT OBVIOUSLY DOES NOT LIVE IN A POLITICAL AND ECONOMIC VACUUM, BUT CAN BE DEEPLY AFFECTED BY GENERAL INTERNATIONAL TRENDS. AND IT IS HERE THAT ONE MUST INTRODUCE AN IMPORTANT CAVEAT INTO THE GENERALLY OPTIMISTIC PICTURE OF THE CURRENT SITUATION IN THE FRG. GERMAN ECONOMIC POLICY WILL REQUIRE SOME DIFFICULT FINE TUNING IN THE FALL. FURTHERMORE, CHANCELLOR SCHMIDT IS CONCERNED AT THE POSSIBILITY THAT THE FRG, THOUGH ITSELF STRONG, MIGHT BE DRAWN INTO A GENERAL INTERNATIONAL DOWNWARD ECONOMIC SPIRAL. IN SUCH AN EVENT, THE CURRENT POSITIVE, CONSTRUCTIVE IMAGE OF THE FRG AND THE PRESENT IMPRESSIVE STABILITY OF THE SYSTEM WOULD BE SUBJECT TO CHANGE.

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